

Cash Flows from Investing

Cash used in investing activities during the six months ended June 30, 2011 and 2010 was \$36,830 and \$186,495, respectively. Our cash used in investing activities during the six months ended June 30, 2011 was attributed to the purchase of fixed assets for approximately \$37,000.

Cash Flows from Financing Activities

Cash flows provided by financing activities during the six months ended June 30, 2011 and 2010 was \$6,950,940 and \$7,153,865, respectively. During the six months ended June 30, 2011, we received \$4,000,000 from the issuance of 400 shares of Series C Preferred stock and \$2,950,940 from the exercise of warrants.

We plan to fund our operations for the foreseeable future from the following sources:

- As of June 30, 2011, we have approximately \$16,114,324 in cash.
- As of June 30, 2011, approximately \$1,580,000 is available to us upon the sale of our Series A-1 preferred stock for a maximum placement commitment of \$5 million.
- As of June 30, 2011, \$17,000,000 is available to us upon the sale of our Series C preferred stock for a maximum placement commitment of \$25,000,000.
- We continue to repay our debt financings in shares of common stock, enabling us to use our cash resources to fund our operations.

On a long term basis, we have no expectation of generating any meaningful revenues from our product candidates for a substantial period of time and will rely on raising funds in capital transactions to finance our research and development programs. Our future cash requirements will depend on many factors, including the pace and scope of our research and development programs, the costs involved in filing, prosecuting and enforcing patents, and other costs associated with commercializing our potential products. We intend to seek additional funding primarily through public or private financing transactions, and, to a lesser degree, new licensing or scientific collaborations, grants from governmental or other institutions, and other related transactions. If we are unable to raise additional funds, we will be forced to either scale back our business efforts or curtail our business activities entirely. We anticipate that our available cash and expected income will be sufficient to finance most of our current activities for the foreseeable future. We cannot assure you that public or private financing or grants will be available on acceptable terms, if at all. Several factors will affect our ability to raise additional funding, including, but not limited to, the volatility of our common stock.